

FINELINE

July 2004*A Division of Finance monthly communication service*

Fraud and Other Improprieties Will Not Be Tolerated

Recently, “Fraud Happens” has been a familiar theme coming from the State Auditor’s Office. The huge corporate fraud scandals of the past few years have led to reform in auditing standards including a reemphasis on management’s responsibility to design and implement programs and controls to prevent, deter, and detect fraud.

Those of us who have oversight for the accounting and financial reporting processes share a responsibility with agency management to set the proper tone; to create and maintain a culture of honesty and high ethical standards; and to establish appropriate controls to prevent, deter, and detect fraud. The message should be clear within an organization that fraud and other improprieties will not be tolerated.



Fraud is mainly thought of as misappropriation of assets such as embezzling receipts, stealing assets, or causing an entity to pay for goods or services they have not received. However, fraudulent financial reporting can occur when accounting transactions are intentionally misstated or omitted, when accounting standards are intentionally misapplied, or when errors pointed out by the auditors are left uncorrected. The State is at risk for both types of fraud.

We recommend that agencies periodically review their internal controls to ensure that controls are in place and that established policies and procedures are being followed, especially for those areas where they are exposed to the greatest risk for fraud. One of the key aspects of internal control is proper separation of duties. Agencies should ensure appropriate separation of duties is maintained at all times. We also need to guard against becoming too complacent about controls or rationalizing why certain controls or procedures don’t have to be followed.

We all need to take a proactive stand in watching for fraud. If you become aware of a potential fraud, please report it first to your agency management. If you are uncomfortable reporting to agency management, please report it to either the State Auditor’s Office or the Division of Finance at one of the following numbers:

State Auditor’s Office:	Debbie Empey	801-538-1342
	Fraud Hotline	1-800-622-1243
Division of Finance:	Kim Oliver	801-538-3082
	Lynn Vellinga	801-538-3102
	John Reidhead	801-538-1678
	Carol Young	801-538-3100

The State Auditor’s Web site www.sao.state.ut.us/hotline/hotline.htm has additional information on reporting potential frauds including information on confidentiality, anonymity, and protections for those who report fraud. The Division of Finance will follow the same standards as the State Auditor’s Office in handling reported issues. ❖

Self Service Is on the Way for Some Payroll Information

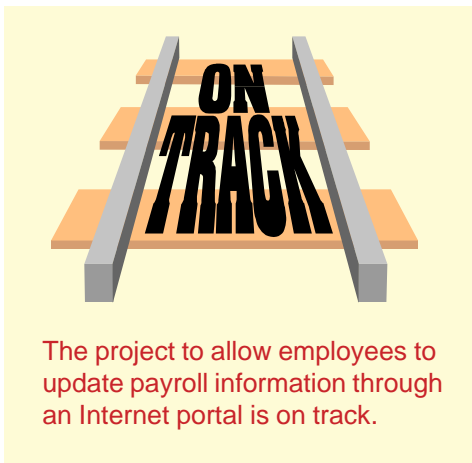
We are presently implementing the SAP Portal software that was acquired as part of the SAP HR/Payroll System. Through this Internet portal, state employees will soon be able to see and update some of their payroll information. All an employee will need is access to the Internet using Windows Internet Explorer and a LAN ID and password.

Sometime in July or August we expect a pilot group of employees from various agencies to help us test the following self-service functionality:

- ✗ Viewing their own pay statements and leave balances
- ✗ Changing their own W-4 tax withholding information and direct deposit amounts
- ✗ Making and reviewing their own time sheet entries
- ✗ Approving employees' time sheets (supervisors)

In September, if all goes well, we will begin a phased approach for allowing more employees to use this functionality. We will work with each agency's management to identify groups of employees that will be allowed to use this self-service functionality.

Over time, additional functionality such as making PEHP insurance changes could be added to the portal. ❖



Pam Hansen Is New Assistant Payroll Coordinator

Congratulations to Pam Hansen, the new Assistant Payroll Coordinator. Pam will succeed Marchion Mackay, who is retiring this month.

Pam began her career with the State in 1990 in the Division of Finance and has since filled six positions within the division. For the past seven years she has been the Payroll Trainer, also working on testing and documentation, as well as helping to solve problems for Payroll System users.

Pam has already started working with Marchion to try to learn some of the intricacies of her new position.



Good-bye and Good Luck to Marchion

Good luck to Marchion, and thanks for 30 years of dedicated service to the State, especially the past 18 years in State Payroll.

Marchion started working for the State in 1974, spending nine years as a field representative for the now-defunct Utah Apprenticeship Council. She then worked as a financial analyst in the Insurance Department for almost three years, before coming to the Division of Finance in March of 1986. ❖

Here's a Status Report on the FINET Upgrade Project

The Division of Finance has finalized a service contract and a statement of work contract with AMS to begin the process of upgrading FINET to the newest version of Advantage Financial. This newest version of the financial system is web-based and has several significant functional enhancements.

During the next several weeks, the Division of Finance and AMS will analyze how we use FINET (including interfaces in and out of the system) and the many modifications we've added to the system. We will then prepare an analysis document which will allow us to plan our project to upgrade the system.

The time line for the project will be developed after the analysis phase has been completed. We will keep you informed of timing and impacts to agencies. We anticipate we will need agency input as we configure the new system to meet our state's specific needs. We are in the process of forming a steering committee, and we'll keep all of you up to date on the status of the project through the steering committee, through ACT meetings, and through this newsletter.

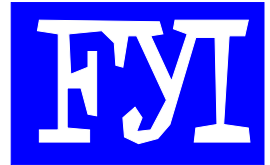
If you have any questions about the upgrade process, please contact either Jerry Gearheart at 801-538-1023 or Rick Beckstead at 801-538-1720. ❖



Check Our Web Site July 1 for FY 05 Updates

Updated information for fiscal year 05 will be available by July 1 on the Division of Finance Web site at www.finance.utah.gov. This includes:

- * Policies and Procedures (select *Publications, Accounting Policies and Procedures*)
- * FY 05 Chart of Accounts (select *Services, FINET Accounting System, Chart of Accounts*)
- * Mileage Reimbursement Forms (select *Publications, Forms*)
- * Travel FindIt Guide (select *Services, State Travel, FindIt Guide*) ❖



Frequently Asked Question from FINET Help Desk

Q I get the error "FAIT ENTRY MISSING" on my CR that is referencing an old year RE. The coding has to be good because we have not changed it from when we set up the RE. Why do I get this error?

A Unfortunately, as part of the yearend process, we purge prior year data in the FAIT Table. Right now we only have data for FY 04 and FY 05. To solve the problem, go to the Federal Aid Inference (FAIT) Table and reenter your prior year FAIT entry again. Once that is done you will be able to get the CR to pass edits. ❖



Selected Payroll Fiscal Yearend Dates*

**See the Payroll fiscal yearend handout for a complete list of Payroll fiscal yearend dates. The calendar is available on the Finance Web site at www.finance.utah.gov/new. Click on the link for 2004 Payroll Fiscal Yearend Information.*

- July 1** Employee NEW year home agency/org/distribution and default coding, including salary splits, updated in the Payroll System.
- July 1** Agencies may run Time Sheet Check List Report for pay period 13 to view all employees' home agency/org/distribution and default coding information, including salary splits.
- July 1** Agencies may run New Hires and Transfer Report for pay period 13 to view employees whose home agency/org/distribution and default coding information is different.
- July 1** The private vehicle reimbursement rate if a state fleet vehicle **is available** to the employee will increase from 30 cents to 32 cents per mile.
- July 1** The reimbursement rate, if a state vehicle **is not available** will increase from 36 cents to 37.5 cents per mile.
- July 2** Payday for pay period 12.
- July 2** Payroll System security changes for new fiscal year orgs.
- July 2–9** Data entry available for pay period 13 (dual year), starting at noon July 2.
- July 5** Independence Day Holiday.
- July 9** Last day to enter taxable earnings on-line into Payroll for the July 16 paycheck posting to either the OLD year or NEW year.
- July 9** Last day to make changes on the Default Cost Distribution Charging screen for pay period 13. Changes made after this date must have an effective date on or after 07/03/2004.
- July 9** Last day to make OLD year changes on Time Entry screens.
- July 9** OLD year earnings entered after this date need NEW year coding. These are posted to FINET using fiscal year 2005. This includes commute fringe, overtime meal allowance, service and incentive awards, etc. Agencies should complete and file with the source document a copy of form FI 61E, Closing Accrued Expenditure IAT – Old Year.
- July 12** Dual year preliminary payroll is processed beginning at 7:00 a.m.
- July 13** Dual year final payroll is processed beginning at 7:00 a.m.
- July 16–23** Data entry available for pay period 14 (NEW fiscal year) starting at noon July 16.
- July 16–December 23**
If an error occurred in any pay period prior to 14/2004, correcting entries will need to be made to the appropriate wage type and/or by fixing the leave balance with a quota correction. Do not change anything in any pay period prior to 14/2004.
- July 30–Aug. 6**
Data entry available for pay period 15 starting at noon July 30.
- July 30–Aug. 6**
Changes can be made to time entry for pay period 14 to fix errors. Only changes prior to July 3, 2004, should not be entered. ❖



Selected Fiscal Yearend Dates*

**See the calendars distributed at the June 22 Budget and Accounting Officers meeting for a complete list of fiscal yearend dates. The calendar is available on the Division of Finance Web site at www.finance.utah.gov/publications/bameetings.htm.*

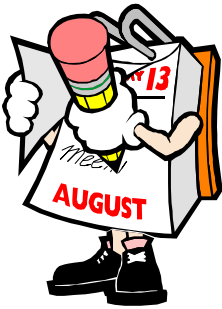
- June 30** Cash receipt cutoff. Cash received or electronic payments processed on or before this date are OLD year cash receipts. After this date they are NEW year cash receipts.
- June 30** Finance runs purchase order roll or lapse job (EPNY). Default is *No Action*.
- July 1** All accounting transactions default to accounting period 01/05 with budget FY 05.
- July 2** Last day to post OLD year FINET documents for June reports.
- July 6** Distribute June monthend reports.
- July 7** Last day to enter OLD year petty cash reimbursements.
- July 7** Finance runs purchase order roll or lapse job (EPNY). Default is *No Action*.
- July 16** Single Audit Summary Schedule of Prior Audit Findings due back.
- July 16** First OLD year IAT cutoff. Process after this date only if: (1) the transaction affects only orgs within same line item; **or** (2) the seller notifies the main budget officer in the buyer agency.
- July 16** Cutoff for July OLD #1 FINET monthend reports.
- July 19** Finance distributes July OLD #1.
- July 20** Finance distributes Closing Schedule #1, including non-budgeted line items.
- July 22** Finance runs purchase order roll or lapse job (EPNY). Default is *No Action*.
- July 23** Lease information due back.
- July 23** June OLD year fixed asset reconciliations due to Dave Byg.
- July 30** OLD year cash recording cutoff. For adjustments to OLD year cash after this date, contact Cynthia Bowers, State Finance, at 801-538-3126.
- July 30** OLD year check cancellation cutoff.
- Aug. 2** Cutoff for July OLD #2 FINET monthend reports.
- Aug. 2** Process all OLD year inter-agency IATs by this date (notify buyer agency's main budget officer).
- Aug. 2** Finance runs purchase order roll or lapse job (EPNY). Default is *No Action*.



Calendar continues on page 6

Selected Fiscal Yearend Dates (calendar continues from page 5)

- Aug. 3** Final calculation of dedicated credits lapsing amounts.
- Aug. 3** Finance distributes July OLD #2.
- Aug. 3** Finance distributes Closing Schedule #2, including non-budgeted line items.
- Aug. 6** Last day to process OLD year payment vouchers on-line in FINET. After this date all OLD year payments must be paid NEW year and accrued on an accrued expenditure form.
- Aug. 13** Final cutoff for all OLD year documents entered by agencies into FINET.
- Aug. 13** Closing schedules due back. ❖



FINET Schedule Changes for Holidays, Yearend

The normal schedule for FINET is to be open Monday through Friday and to run a cycle each Monday, Wednesday, and Friday night. We will open FINET on Saturdays during the closeout period (except for the Saturdays when we run a monthend).

Listed below are the exceptions to the normal FINET schedule for holidays, yearend, and monthend periods through August 13.



- July 2 – **Open** June Monthend
- July 3 – **Closed** Saturday Monthend
- July 5 – **Closed** Independence Day holiday
- July 6 – **Open** Tuesday cycle due to holiday
- July 10 – **Open** noon – 5:30 p.m. Saturday
- July 16 – **Open** July Old #1 after cycle
- July 17 – **Closed** for July Old #1
- July 22 – **Open** Thursday cycle due to holiday
- July 23 – **Open** No cycle due to Pioneer Day holiday
- July 24 – **Open** noon – 5:30 p.m. Saturday
- July 31 – **Open** noon – 5:30 p.m. Saturday
- Aug. 2 – **Open** July Old #2 after cycle
- Aug. 3 – **Open** Extra Tuesday cycle
- Aug. 5 – **Open** Extra Thursday cycle
- Aug. 6 – **Open** July Monthend
- Aug. 7 – **Closed** Saturday Monthend
- Aug. 10 – **Open** Extra Tuesday cycle
- Aug. 12 – **Open** Extra Thursday cycle
- Aug. 13 – **Open** July Old #3 after cycle ❖

Payroll Training

Computer-based training on the Payroll System is available on the Finance Web site at www.finance.utah.gov/training/courses.htm.

Click on the course name below to view the course description or to access the on-line course.

Data Warehouse Training

July 20 Data Warehouse – Payroll; 10 – 11:30 a.m.

July 20 Data Warehouse – FINET; 1:30 – 3 p.m.



FINET Classroom Training

July 27 Internal Transactions Lab; 8:30 – 11:30 a.m.

July 27 Fixed Assets Lab; 1 – 4 p.m.

July 28 Purchasing Lab; 8:30 – 11:30 a.m.

July 28 Disbursing Lab; 1 – 4 p.m.

PIONEER DAYS

FINET On-Line Courses

FINET System Navigation, FINET Overview, Employee Reimbursements, Purchasing and Disbursing, Cost Accounting, Grant Accounting, Revenues and Receivables, Internal Transactions, and Fixed Assets

FINET Classroom Training Not Scheduled This Month

Budget Control, Grant Accounting Lab, Project Accounting, FINET Inventory, and On-line Inquiries

FINET Help Desk

Call 801-538-9690 to resolve immediate questions about using FINET.

Reservations

To reserve your spot in any class offered this month or to add your name to our waiting list for classes not offered this month, call 801-538-3082. We will notify you when the class is scheduled. If you make reservations and cannot attend, please notify us as soon as possible so we can make your spot available to someone else.



Persons with disabilities requiring accommodation should call 801-538-3082 a week before the class to request reasonable accommodation.

Read descriptions of all our courses and link to on-line courses at:

www.finance.utah.gov/training/courses.htm.